

## **EXECUTIVE SUMMARY**

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The offices of the City Auditor and Cable Communications began this audit of Summit Cable in July 1999 to evaluate the cable operators' compliance with the City's Cable Customer Bill of Rights (SMC 21.60). During the course of this audit Summit Cable changed its owners and name to become Millennium Digital Media.\*

We performed a limited review of Millennium Digital Media's documents and operations, and conducted interviews with its staff. We have concluded that Millennium Digital Media is out of compliance with some, but not all, of the requirements of the City's Cable Customer Bill of Rights. Millennium Digital Media has been compliant in those areas where its existing practices match the requirements of the Cable Customer Bill of Rights. Its internal procedures emphasize providing good customer service. The Cable Customer Bill of Rights is mentioned in Millennium Digital Media's Customer Service Representatives training manual; however, there is no evidence that the Cable Customer Bill of Rights is otherwise used or referenced in training staff or in regular communications with its customers.

Millennium Digital Media has not met reporting requirements, does not collect data that would enable the City to determine the number and resolution of customer complaints, and does not always provide credits to customers as required by the Cable Customer Bill of Rights. During the course of this audit, Millennium Digital Media expressed reluctance about changing its operating systems to comply with the requirements of the Cable Customer Bill of Rights. However, during follow up work in May, we noted that the company has hired a new Customer Service Manager who has demonstrated a positive attitude toward achieving compliance with the Cable Customer Bill of Rights.

Audit work conducted in April 2000 included a visit to Millennium Digital Media's designated office in Seattle. During this visit the Office of Cable Communications and Office of City Auditor concluded that Millennium Digital Media does not comply with the Cable Customer Bill of Rights requirement to maintain a service area office. Office visits to the Bellevue office revealed that the office is locked on Saturdays and there are no staff at the reception desk.

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\* This audit was begun prior to inclusion of cable modem service under the Cable Customer Bill of Rights; therefore, this audit focuses only on cable television services. Millennium Digital Media began offering cable modem services in the Spring of 2000 and these services are now becoming widely available. Future audits will address both television and cable modem services.

**Areas in Which Millennium Digital Media Meets the Cable Customer Bill of Rights Requirements:**

- Many customers' complaints are resolved by the company.
- Employees are empowered to fix problems.

**Areas in Which Millennium Digital Media Does Not Meet the Cable Customer Bill of Rights Requirements:**

- Reporting requirements are not being met.
- Customer complaints do not always result in credits.
- Public Information about the Cable Customer Bill of Rights needs improvement.
- The offices maintained by Millennium Digital Media do not meet requirements.

## **BACKGROUND**

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In early 1999 the Seattle City Council held several public hearings on cable services in Seattle and received many comments about the need for improvements. Subsequently, the City's Office of Cable Communications worked with the City Council to develop the Cable Customer Bill of Rights. The purpose of the Cable Customer Bill of Rights is to ensure that Seattle cable customers receive competent, responsive service from cable companies. It also established procedures and remedies for customers who have not received competent, responsive service. Seattle is unique among cities by providing an active customer service enforcement program that provides credits to cable customers. The Cable Customer Bill of Rights went into effect for television in April 1999 and in November 1999 for cable modem.

The City has the authority to audit cable companies to determine if they are in compliance with the Cable Customer Bill of Rights. This audit was the first in a series of planned, periodic compliance audits. In conducting our audit, we focused on the areas that we considered the most critical to helping Millennium Digital Media and the City ensure that customers are receiving the services specified in the Cable Customer Bill of Rights.

## **AUDIT PURPOSE**

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The purpose of this audit was to determine if Millennium Digital Media is in compliance with Seattle Municipal Code 21.60 (which includes the Cable Customer Bill of Rights that took effect in April 1999) specifically for the following areas:

- Customer Service Requirements;
- Complaint Procedures; and
- Reporting Requirements.

## **METHODOLOGY**

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This audit was a joint effort by the City's Office of Cable Communications and the Office of City Auditor. Testing was performed by staff from both offices.

To plan the audit:

- Office of Cable Communications staff attended meetings with Millennium Digital Media in Bellevue to provide initial information about the audit. Later the Office of City Auditor also attended meetings related to the planned audit scope.
- The Office of City Auditor worked with the Office of Cable Communications to develop a detailed testing program to determine Millennium Digital Media's compliance with requirements for customer service, complaint procedures, and reporting. Staff from the Office of City Auditor and Office of Cable Communications performed the audit as detailed below:

- We documented and compared the Office of Cable Communication's customer complaint tracking and response procedures with those used by Millennium Digital Media.
- In Bellevue at Millennium Digital Media's customer call center, we observed daily operations, including the tracking and resolution of customer complaints.
- We visited Millennium Digital Media's offices to determine if requirements for access, signage, and hours of operation were being met.
- We reviewed the applicable requirements contained in the Revised Code of Washington (RCW), City Ordinance 119402, Seattle Municipal Code 21.60, which includes the Cable Customer Bill of Rights, and
- We analyzed the reports submitted by Millennium Digital Media and searched for gaps between the City's requirements and the company's performance.

## **CONCLUSION**

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Millennium Digital Media is not in full compliance with the Cable Customer Bill of Rights' requirements for customer service, complaint procedures, or reporting. See the Findings and Recommendations section of this report for details on the areas of non-compliance we identified.

## **FINDINGS AND RECOMMENDATIONS**

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### **Reporting Requirements Are Not Being Met**

Millennium Digital Media has not provided required quarterly reports to the City. Initially Millennium Digital Media produced a sample report that showed the information that they planned to submit to the City. We reviewed this sample report and determined that it did not provide information in a manner that complied with the Cable Customer Bill of Rights. Specifically, we were unable to verify the number of Seattle customer complaints received by Millennium Digital Media. Millennium Digital Media officials said they receive approximately 700 calls daily at their call center in Bellevue which covers a geographic area that includes large portions of the Pacific Northwest, including Washington and Idaho. Calls received include requests for new service or service upgrades, and complaints. We could not identify a mechanism or process at Millennium Digital Media to determine either the origin or substance of the calls. It was also not possible to determine if the reported numbers of complaints and their resolutions found in the sample report were valid or accurate.

The Cable Customer Bill of Rights includes SMC 21.60.830D which states reporting requirements consists in part of:

“...an executive summary each quarter, which summarizes...(1) any and all complaints regarding the cable system or the Cable Operator’s operation of the cable system, by number and type and their disposition; (2) service requests, identifying the number and nature of the requests and their disposition; (3) service interruptions and their disposition; and (4) required Cable Operator contacts with Customers after installation.”

Representatives from Millennium Digital Media assert that it is standard practice throughout the cable industry for cable operators to use a computer billing system that places an emphasis on tracking accounting information rather than customer service information. City staff have been working with Millennium Digital Media to adapt its reporting system to be more responsive to City reporting requirements, but have not seen changes to date.

**We recommend** that Millennium Digital Media meet the City's reporting requirements. However, if the Office of Cable Communications and Millennium Digital Media are unable to agree on how to produce the required information, three options the City may want to consider are:

1. Taking action against Millennium Digital Media for non-compliance with the Cable Customer Bill of Rights reporting requirements,
2. Requiring modification of the report generating database system to accommodate the data tracking changes needed to generate the required information, or
3. Permitting Millennium Digital Media to apply for a waiver to the Cable Customer Bill of Rights' reporting requirements.

### ***Millennium Digital Media Management Response***

*Millennium Digital Media (MDM) is in the process of attempting to compile the reports in the format required by the Cable Customer Bill of Rights for the first quarter of 2000. We recognize that we have not produced the reports in a timely manner and would like to assure the City we intend to comply with this requirement and produce the first quarter reports to the best of our billing system capability. Our third-party billing system, CSG, the largest cable billing vendor in the country, does not track and produce data in the format required in Schedule A of the Cable Customer Bill of Rights. We request that the City modify its reporting requirements under the Cable Customer Bill of Rights to be compatible with data that can be generated by CSG.*

### **Auditor's Remarks**

While we appreciate the steps Millennium Digital Media is taking to resolve this issue, the City has not yet received a report. The Office of Cable Communications will continue to work with Millennium Digital Media to develop reports that satisfy the reporting requirements. The Office of Cable Communications has asked Millennium Digital Media to be innovative in what it is able to report and if no additional information is possible with the current system to estimate what it would cost to develop a system that responds to current city requirements. As of June 14, 2000, Millennium Digital Media has not done either.

### **Customer Complaints Do Not Always Result in Credits**

From interviews conducted with two Millennium Digital Media customer service managers, observation of customer service representatives, and a review of Millennium Digital Media's customer service representative training manual, we determined that a customer complaint does not always generate a credit as required under the Cable Customer Bill of Rights. Rather, the customer must request a credit and, if requested, the credit, according to Millennium Digital Media's procedures, *may* be granted by the customer service representative.

**We recommend** that Millennium Digital Media revise its current practices to apply credits in a manner that is consistent with the requirements of the Cable Customer Bill of Rights. Millennium Digital Media should train its customer service representatives to award credits for all complaints specified in the Cable Customer Bill of Rights. While we do not want to remove Millennium Digital Media's discretion to award more credits than are required under the Cable Customer Bill of Rights, we want to ensure that at least the mandated credit is given to customers when required service standards have not been achieved.

### ***Millennium Digital Media Management Response***

*Millennium Digital Media has agreed to comply with the City's request to provide all Seattle franchise customers credit when they speak with a Customer Service Representative regarding an outage affecting their service. We routinely credit customers for service related issues beyond the guidelines established by the Cable Customer Bill of Rights – our billing system does not provide us the means to break out credits by category as established in Schedule A of the Cable Customer Bill of Rights. We will attempt to sort the data from our billing system to give a clearer picture of how customer complaints result in credits.*

### **Auditor's Remarks**

We appreciate the steps Millennium Digital Media is taking to resolve this issue regarding outages. The Office of Cable Communications is concerned that outages are only one of many compensable elements of the Cable Customer Bill of Rights. Although Millennium Digital Media asserts that they exceed requirements, Millennium Digital Media has not, as yet, substantiated these assertions. While we think they do provide numerous other credits, Millennium Digital Media has been unable to provide a means for the City to monitor this.

### **Public Information About the Cable Customer Bill Of Rights Needs Improvement**

The Cable Customer Bill of Rights includes requirements that cable companies inform the public about the Cable Customer Bill of Rights. During our review we noted three areas in which Millennium Digital Media should improve its performance in this regard:

1. The frequency with which customers are informed about the Cable Customer Bill of Rights;
2. The signage at customer walk-in locations; and
3. The brochure provided to customers with initial cable installation.

While Millennium Digital Media has modified its brochures so that they comply with the Cable Customer Bill of Rights, the other two areas still require corrective action as noted below:

### Information Provided to Customers

Customer service managers at Millennium Digital Media stated that customer service representatives do not, at any time, inform Seattle customers of the existence of the Cable Customer Bill of Rights or about its provisions requiring credits for service that is not competent or responsive. For example, if a customer service representative awards a credit to a customer, the representative does not indicate that the credit was given because it was required by the Cable Customer Bill of Rights, nor does the credit necessarily coincide with that required under the Cable Customer Bill of Rights. We did find that in some cases, the amount credited to a customer account exceeds the amount required under the Cable Customer Bill of Rights.

### Visible Site

Under the Cable Customer Bill of Rights, Millennium Digital Media is required to maintain a visible office site. At the time of the review, in the Bellevue office, we found that there is no signage from the street indicating the location of the Millennium Digital Media office, and there is no signage once in the business park indicating the location of Millennium Digital Media offices. Therefore Millennium Digital Media is not meeting requirements to maintain a visible office.

**We recommend** that Millennium Digital Media adopt a more proactive approach to informing customers about the Cable Customer Bill of Rights by:

- Informing its customers when they have received credits as a result of the Cable Customer Bill of Rights;
- Placing signs by its office containing the information needed by customers to locate the office;
- Modifying its customer brochure by including information about the Cable Customer Bill of Rights and how to contact City officials for information and assistance; and,
- Having copies of the City-produced Cable Customer Bill of Rights brochure available for customers at Millennium Digital Media offices.

### ***Millennium Digital Media Management Response***

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*Millennium Digital Media's customer service representatives answer calls from customers in a three state area with over fifty different franchises. It is challenging to incorporate a special set of guidelines for one specific franchise, as our goal is to standardize our customer service procedures for all areas. The Cable Customer Bill of Rights was incorporated into our training program when it was adopted in April of 1999. We have updated our reference library to include information about the Cable Customer Bill of Rights – our Customer Service Representative's use this library in many transactions they perform with Seattle franchise customers. We will focus renewed effort on making our staff aware of the Cable Customer Bill of Rights as well as distribute another copy of the City-produced Cable Customer Bill of Rights pamphlet to our customer service representatives.*

*We agreed with the City that it is not necessary for Millennium Digital Media to refer to the Cable Customer Bill of Rights when awarding compensation. We include a copy of the City-produced Cable Customer Bill of Rights pamphlet in all of our new customer installation packets – these pamphlets are also available on display in our Bellevue and Seattle office locations. Millennium Digital Media's Seattle channel lineup cards include reference to the Cable Customer Bill of Rights; in addition, we have recently complied with the Cable Customer Bill of Rights to insert a copy of the Cable Customer Bill of Rights annually into all active Seattle franchise customer invoices.*

#### **Auditor's Remarks**

We appreciate the steps Millennium Digital Media has taken to resolve these issues. There are now two types of brochures located at the Millennium Digital Media office in Bellevue with information about the City's Office of Cable Communications, the City produced brochure about the Cable Customer Bill of Rights and the new customer brochure produced by Millennium Digital Media. This is a positive action that is a direct result of the audit. Millennium Digital Media still needs to place signs on the street to direct customers to its office.

#### **The Offices Maintained By Millennium Digital Media Do Not Meet Requirements**

The Cable Customer Bill of Rights requires that cable companies maintain an office within the City of Seattle. This office is to be accessible to the general public and have a staff person to accommodate over-the-counter transactions and answer questions. SMC 21.60.820 states, in part:

B. Accessibility. The cable operator shall provide at least one (1) service center for each seventy-five thousand (75,000) customers served, located at a safe, visible site within its service area, that is handicapped accessible, and located along mass transit routes. Except as otherwise approved by the City, all service centers shall be open Monday through Friday, eight (8:00) a.m. to seven (7:00) p.m., and Saturdays from nine (9:00) a.m. to five (5:00) p.m., excluding legal holidays, and shall be fully staffed with Customer Service Representatives

offering the following services to customers who come to the service center: bill payment, equipment exchange, processing of change of service requests, and response to customer inquiries and requests. The City may approve alternatives for service centers offering lesser services, or that are within ten (10) miles of its service area, at any site to which the public has general access. The cable operator shall post a sign at each service center advising customers of its hours of operation and of the addresses and telephone numbers at which to contact the City and the cable operator if the service center is not open at the times posted. The cable operator shall provide free exchanges of faulty converters at the customer's address.

Office of Cable Communications staff visited Millennium Digital Media's designated service area office and found it to be located in an industrial park, difficult to find and consisting of a phone in a building hallway. There are no staff to issue receipts, make change, make credit arrangements, or answer questions for the customer. When we discussed this with Millennium Digital Media management they said that the procedure is the customer picks up the single phone in the hallway and a warehouse person will talk to them and, if necessary, come to the hallway to retrieve equipment or take a payment. Otherwise customers are connected to the customer service representatives at the Bellevue Office.

We also noted that the Bellevue Millennium Digital Media office does not have posted information with office hours of operation nor the addresses and telephone numbers at which to contact the City of Seattle Office of Cable Communications and the cable operator if the service center is not open at the times posted. It was further noted that the Bellevue office doors are locked on Saturday. A customer obtains service by using the intercom to the left of the door to talk to someone inside. However, there is no sign with directions telling a customer to use the intercom to reach a customer service representative.

**We recommend** that Millennium Digital Media maintain a conveniently located in-City office and staff it in accordance with Cable Customer Bill of Rights requirements or apply for a waiver from the City Office of Cable Communications for alternatives for service centers. We also recommend that the Bellevue office post business hours, signs about the Office of Cable Communications, and arrange to have the office unlocked on Saturday or apply for a waiver from the City Office of Cable Communications for alternatives for Bellevue office operations.

### ***Millennium Digital Media Management Response***

*When Millennium's current franchise agreement was renewed with the City of Seattle it was agreed by Millennium Digital Media and the City that the current office locations and hours are acceptable. We believe the existing franchise agreement prevails over the Cable Customer Bill of Rights related to this issue. Our Bellevue office is open on Saturday's from 8am to 5pm.*

## **Auditor's Remarks**

We reaffirm our finding that the Bellevue office which is locked on Saturday with an intercom located to the left of the door is not considered to meet the requirements of the Cable Customer Bill of Rights regarding Saturday office operations.

Additionally, we reviewed the franchise language, which states

**“SECTION 10. SUBSCRIBER RELATIONS AND SERVICE STANDARDS  
COMPLAINT PROCEDURE**

**10.1 Office Hours and Telephone Availability.**

(G) Grantee shall establish at least two (2) Subscriber Service Centers, one within 1 mile of the Franchise Area. The Subscriber Service Centers shall be facilities for pick up and return of equipment and payment of bills. The Subscriber Service Centers shall be and all other bill payment locations shall be open at least during Normal Business Hours and shall be conveniently located at safe, visible sites within the Grantee's Franchise Area. The Subscriber Service Centers shall be handicapped accessible and located along mass transit routes.”

We agree that the language is not entirely consistent between the franchise agreement and the Cable Customer Bill of Rights. However, the Office of Cable Communications is not aware of any exceptions for office hours or locations that have been made for Millennium Digital Media and reaffirms that Millennium Digital Media should adhere to the terms of the Cable Customer Bill of Rights related to their office hours, location, access and staffing.